



Doing Business In The Bahamas: A Country Commercial Guide for U.S. Companies

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2006. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

- [Chapter 1: Doing Business In ...](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

Chapter 1: Doing Business In The Bahamas

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

- The Bahamas offers potential investors a stable democratic environment, relief from personal and corporate income taxes, timely repatriation of corporate profits, proximity to the United States with extensive air and communication links, and a good pool of skilled professionals. The Bahamas is a member of the Caribbean Basin Initiative (CBI), Canada's CARIBCAN Program, and the European Union's LOME IV Agreement. The Bahamas officially welcomes foreign investment in tourism, banking, agricultural and industrial areas that generate local employment, especially white-collar or skilled jobs. The vast majority of successful foreign investments, however, have remained in the areas of tourism and banking. The Government reserves retail and wholesale outlets, non-specialty restaurants, most construction projects, and many small businesses exclusively for Bahamians.
- Nearly 60% of The Bahamas' Gross Domestic Product (GDP) is derived from tourism. Financial services constitute the second most important sector of the economy and accounts for up to 15% of GDP. Agriculture and industry together account for less than 10% of GDP. The country produces some chemicals and pharmaceuticals for export, along with rum and industrial salt.
- The Bahamas provides good basic infrastructure for businesses. However, utility rates are considered high compared to the U.S. The electric company BEC and the phone company, BTC are government owned. Since 1992, the Government has improved some major roads both in Nassau and on the Family Islands, implemented changes to alleviate severe traffic congestion in Nassau, provided electricity and improved airports on most Family Islands, and has constructed a second bridge between Nassau and Paradise Island. Major improvements in water supplies to Nassau are completed and plans are being finalized for improvements to water systems on the Family Islands. There is regular air and sea transportation between the major developed islands and the United States. Telecommunication service is generally adequate but delays in service installation and maintenance are common. There are several Internet service providers in Nassau. Mail service is slow both

among the islands and with other countries. However, the islands are serviced by several international overnight delivery services.

- The governing Progressive Liberal Party (PLP) government and the former Free National Movement (FNM) party both have good relations with the business community. No serious political movement in Bahamian history has ever advocated the nationalization of foreign property. There is little history of political violence or instability in The Bahamas. Politics tend to follow the British model of combining sometimes intense rhetoric with courtly manners. The political issue of most interest to the business community is openness to foreign investment.

Market Challenges

[Return to top](#)

- A major challenge in exporting to The Bahamas is payment of customs duties. The Bahamian Government raises approximately 60 percent of its total revenue from import tariffs, which, as a result, tend to be high. The basic ad valorem tariff for imported goods is 35 percent, but many items have separate tariff rates.

Among these are:

- clothing: 25 percent
- fine cut tobacco: 160 percent
- chewing tobacco: duty free
- cigars: 200 percent
- cigarettes: 210 percent and 7 percent stamp tax
- bottled water: 70 percent
- pool tables: 100 percent
- room air conditioners: 35 percent
- automobiles: 45 to 75 percent, based on the book value of the car
- automobile parts and accessories: 35 - 50 percent
- personal computers: duty free
- business computers: duty free
- stereo units: 45 percent
- satellite receivers and accessories: 35 percent
- video tapes: 10 percent
- cheese: 15 percent
- pasta: 10 percent
- water heaters: 35 percent
- televisions: 25 percent
- plumbing supplies: 25 percent
- wooden doors: 25 percent

- concrete tiles: 35 percent
 - cement: duty free
 - lumber: duty free, 7 percent stamp tax
- All tariff rates are subject to change. In the 1996 budget, for example, the Bahamian Government lifted customs duties on a variety of imported goods, ranging from construction materials (nails, cement, sheetrock, plywood, etc.) to computers and computer parts, musical instruments and consumer electronic appliances. In the 1999-2000 budget, tariff rates fell on certain types of seasoned poultry and prerecorded videotapes, but rose for automobiles. Bahamians shopping in Florida (and elsewhere abroad) are permitted to import \$300 worth of goods, duty free, twice per year.
 - In addition to duties, The Bahamas charges a seven percent "stamp tax" on most imports. Higher stamp taxes are charged on some duty free goods, including tourist items such as china, crystal, wristwatches, clocks, jewelry, table linens, leather goods, perfume, wine and liquor. On average, The Bahamas charges an export stamp tax of four percent on most exports from the country.
 - In an effort to protect domestic agricultural producers, the Government requires that a permit be granted to import more than 50 pounds of whole chickens or chicken parts, lamb or mutton, or pork legs, shoulders, or hams into The Bahamas. Permits are also required to import plants and fruits - particularly bananas, vegetables, and cut flowers. Permit applications have occasionally been denied when the Government determined that a surplus existed locally - for products grown in the same category.
 - Customs Valuation: Most imported goods are valued based on their actual cost as evidenced by an invoice. The Customs Department only honors discounts of up to three percent given by U.S. exporters. Customs officials determine the value of automobiles with reference to standard valuation guides. Freight and shipping charges are included in the value assessed.
 - Import Licenses: Permits are required for imports of certain items. Applications for permits should be made to the ministry indicated, as follows:
 - Poultry, meats, vegetables, fruits, live plants and animals: Ministry of Agriculture, P. O. Box N 3023, Nassau, Bahamas, Tel: 242-325-3980, Fax: 242- 328-1051;
 - Medicines: Ministry of Health, p. o. Box N 3730, Nassau, Bahamas, Tel: 242-502-4726, Fax: 242-325-5421;

- Slot machines, trailers and caravans for living (temporary use only):
Ministry of Finance, P. O. Box N 3017, Nassau, Bahamas, Tel: 242-702-1501, 327-12530, Fax: 242-327-1618, email:
mofgeneral@bahamas.gov.bs;
- Firearms, fireworks, underwater guns other than Hawaiian slings:
Commissioner of Police, P. O. Box 458, Nassau, Bahamas, Tel: 242-325-7601, Fax 242-328-2644; and
- Precursor and essential chemicals: Customs Department, P. O. Box 155, Nassau, Bahamas, Tel: 242-302-3302 / 302-3415, Fax: 322-6223.
- Import/Export Documentation Requirements: Entry forms are required by Bahamian Customs for goods coming by sea, air or post. A genuine invoice (original or copy) is required. Goods may be cleared through Customs without a proper invoice if the importer leaves a deposit (usually double the estimated duty) and agrees to present an invoice at a later time.
- Temporary Entry: Certain goods may be imported conditionally on a temporary basis against a security bond or a deposit that is refundable on the re-exportation. These include fine jewelry, goods for business meetings or conventions, traveling salesmen equipment, and equipment or tools for repair work.
- Copies of current import regulations may be obtained from:

Government Publications Office
East Bay Street
P.O. Box N-7147
Nassau, Bahamas
Tel: (242) 322-2410

Market Opportunities

[Return to top](#)

Good market opportunities are available in the following sectors:

- Hotel/Tourism development industry
- Franchise industry
- Construction equipment and supplies
- Consumer products

- **Distribution and Sales Channels:** Because Bahamian Government policy prohibits foreign investors from opening retail and wholesale outlets, goods intended for sale to the general public are normally purchased by local wholesalers, several of whom specialize in particular lines. The usual business practice is for wholesalers to make purchases directly from their counterparts in Florida, which is why such a large proportion of third-country products are imported into The Bahamas through the United States. Most wholesalers and some retailers, however, are willing to make direct purchase arrangements. In some cases, Bahamian retail outlets or wholesalers will enter exclusive distributorship arrangements with foreign firms.
- Before entering the Bahamian market, it is advisable that businesspersons that contact the Economic-Commercial Section of the U.S. Embassy.

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/1857.htm>

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)

- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

- Using an Agent or Distributor: The Bahamian government recommends that foreign exporters to The Bahamas use an agent or distributor to distribute their products. A listing of relevant agent and distributors is available from the Economic-Commercial section of the U.S. Embassy. The Embassy also provides ADS Partnership (Agent/Distributor Search) to assist American companies in locating appropriate agents/distributors for their products.

Establishing an Office

[Return to top](#)

- Companies seeking to establish a representative office in The Bahamas must first obtain a business license. Licenses are issued following application to and approval by The Bahamas Investment Authority (BIA) in the Office of the Prime Minister. The BIA can be contacted at:

**Bahamas Investment Authority
Ministry of Financial Services and Investments
Sir Cecil Wallace Whitfield Centre
P.O. Box N-7770
Nassau, Bahamas
Tel:(242) 327-5970
Fax:(242) 327-5907**

- Need for a Local Attorney: As in the U.S., most business transactions may be carried out without an attorney. Persons wishing to consult or retain local counsel, however, are advised to contact the Commercial Section for a list of local attorneys.
- Performing Due Diligence/Checking Bona Fides: There is no local equivalent of a Dunn and Bradstreet to check the bona fides of banks, agents or customers. However, the business community is small and local attorneys or other Bahamian contacts may be able to assist. Information may also be obtained from:

The Bahamas Chamber of Commerce
P.O. Box N-665
Nassau, Bahamas
Tel: (242) 322-2145

<http://www.thebahamaschamber.com/>

- Information on mortgages, security interests in personal property, and corporate document filings may be obtained from:

The Registrar General
P.O. Box N-532
Nassau, Bahamas
(242) 322-3316

<http://www.bahamas.gov.bs/rgd>

- The Embassy's Commercial Section is willing to assist in verifying the bona fides of potential business partners and customers.

Franchising

[Return to top](#)

- Franchising: There are a number of American franchises in The Bahamas. Most franchises are successful because they appeal both to the local community and the five million plus tourists who visit The Bahamas. Although Bahamian Government policy prohibits American foreign retail chains from opening outlets in The Bahamas, various contractual distributorship and franchise arrangements are possible.

Direct Marketing

[Return to top](#)

- Direct Marketing: Many Bahamians use credit cards and can order items by mail or telephone for delivery to The Bahamas if the exporter is willing to ship. However, import duties levied on the sales price and freight of small shipments often make such orders economically non-viable. Many Bahamians prefer to shop in person in Florida to benefit from their personal exemptions from customs duties. Little or no direct telephone marketing or door-to-door sales occurs in The Bahamas.

Joint Ventures/Licensing

[Return to top](#)

- Joint Ventures/Licensing: International investors are encouraged to establish joint ventures with Bahamian partners, although the Bahamian partner must have majority ownership. The choice of a Bahamian partner is left to the discretion of the investor. Joint ventures between international investors and Bahamians are eligible to access funding from The Bahamas Development Bank (BDB). However, the equity of the overseas investor may not be borrowed from the BDB or from the

domestic capital market. Bahamians may, however, borrow a percentage of their contribution from BDB or the domestic capital market. An established joint venture is not debarred from accessing BDB funds.

Selling to the Government

[Return to top](#)

- **Selling to the Government:** Businesses intending to market goods or services to The Bahamas Government or businesses seeking to enter the Bahamian commercial market are advised to seek the advice of the American Embassy in Nassau at an early stage. The Government has a nominally open procurement process for purchasing supplies, equipment and services, although some Government contracts are not put out to open bid.

Distribution and Sales Channels

[Return to top](#)

- **Distribution and Sales Channels:** Because Bahamian Government policy prohibits foreign investors from opening retail and wholesale outlets, goods intended for sale to the general public are normally purchased by local wholesalers. The usual business practice is for wholesalers to make purchases directly from their counterparts in Florida. Most wholesalers and some retailers, however, are willing to make direct purchase arrangements. In some cases, Bahamian retail outlets or wholesalers have exclusive distributorship arrangements with foreign firms.
- The Embassy's Commercial office offers a number of services tailored to specific businesses seeking local distributors, including the Commerce Department's "Gold Key Service," for modest fees. Visitors can also speak, by appointment, with a trade specialist in the Embassy's Commercial Section, located in the Embassy in downtown Nassau at 42 Queen Street. The office can be contacted at:

Economic-Commercial Section
U.S. Embassy
P.O. Box N-8197
Nassau, Bahamas
EconCommNassau@state.gov

Or:
American Embassy Nassau/Economic Section
Department of State
3370 Nassau Place
Dulles, VA 20189-3370

Nassau telephone: (242) 322-1181 or 323-7180 and
Fax: (242) 328-3495 or 356-0222

Selling Factors/Techniques

[Return to top](#)

- Selling Factors/Techniques: The Bahamian government follows U.S. packaging requirements, therefore, all packaging and sales material is expected to be in English.
- In pricing, companies should consider mark-ups after adding customs duties.
- Companies are required to have an agent/distributor to sell products.

Electronic Commerce

[Return to top](#)

- Use of the internet is low in The Bahamas. However, Electronic commerce is slowly catching on. Currently consumers are able to do most banking transactions on line, and pay some utility bills and also purchase goods and services.

Trade Promotion and Advertising

[Return to top](#)

- Advertising and Trade Promotion: Advertising for any legal item or service, whether sold in The Bahamas or in the United States, can be purchased in any local newspaper or publication. Follow the link for a complete listing of media outlets.

http://www.bahamasb2b.com/dir/Advertising_and_Marketing/

Pricing

[Return to top](#)

- Pricing: Businesses are generally free to price their products at whatever price meets their marketing objectives. Consideration should be given to the extra cost of Customs Duty in order to keep products competitive.

Sales Service/Customer Support

[Return to top](#)

- Sales Service/Customer Support: One of the benefits of using an Agent/Distributor of your products is to be able to provide convenient sales service/customer support to local consumers.

Protecting Your Intellectual Property

[Return to top](#)

- Property, both chattel and real, is recognized and enforced. Mortgages in real property and security interests in personal property can be recorded with the Registrar General.
- The Bahamas is a member of the World Intellectual Property Organization (WIPO), but not of the World Trade Organization (WTO). There is little industrial production that might generate possible infringements of patent rights. However, existing copyright laws are widely ignored, resulting in widespread piracy of video and music recordings and broadcasts, most of which remain in The Bahamas. Parliament passed a new copyright law on July 4, 2000, which is intended to provide better protection to international holders of copyrights but has yet to be strictly enforced.

Due Diligence

[Return to top](#)

- Performing Due Diligence/Checking Bona Fides: There is no local equivalent of a Dunn and Bradstreet to check the bona fides of banks, agents or customers. However, the business community is small and local attorneys or other Bahamian contacts may be able to assist. Information may also be obtained from:

The Bahamas Chamber of Commerce
P.O. Box N-665
Nassau, Bahamas
Tel: (242) 322-2145
<http://thebahamaschamber.com>

Information on mortgages, security interests in personal property, and corporate document filings may be obtained from:

The Registrar General
P.O. Box N-532
Nassau, Bahamas
(242) 322-3316

The Embassy's Commercial Section is willing to assist in verifying the bona fides of potential business partners and customers.

Local Professional Services

[Return to top](#)

- Need for a Local Attorney: As in the U.S., most business transactions may be carried out without an attorney. Persons wishing to consult or

retain local counsel, however, are advised to contact the Commercial Section for a list of local attorneys.

Web Resources

[Return to top](#)

- U.S. Department of State – www.state.gov
- The Bahamas Government – www.bahamas.gov.bs
- The Bahamas Financial Services Board (BSFB) – www.bfsb-bahamas.com
- The Bahamas Chamber of Commerce – www.thebahamaschamber.com
- The Central Bank of The Bahamas – www.centralbankbahamas.com
- The Ministry of Tourism – www.tourismbahamas.org
- The Ministry of Financial Services and Investments -- www.investbahamas.org

Chapter 4: Leading Sectors for U.S. Export and Investment

BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES (all figures in millions of U.S. dollars):

Overview

[Return to top](#)

- **Machinery: Mechanical Appliances and Electrical Equipment and Parts.**

The Bahamas does not produce machinery or mechanical appliances of its own. Continued growth in the construction sector, including residences for Bahamians and second homes for foreigners, as well as hotel development, should create continuing demand for a number of products.

	2004	2005	2006 (estimated)
Total Market Size	N/A	N/A	N/A
Total Local Production	NIL	NIL	NIL
Total Exports	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A
Imports from the U.S.	\$75,177	\$95,875	\$140,689

Opportunities

[Return to top](#)

There are a number of developments underway in The Bahamas that will impact the need for machinery and equipment.

Resources

[Return to top](#)

- The Sixth Annual Home and Builders Show, October 26 – 28, 2007 in Nassau. Website: www.bahcon.com
- **MOTOR VEHICLES AND PARTS, BOATS, SHIPS AND OTHER TRANSPORT EQUIPMENT**

Overview

[Return to top](#)

Although Bahamians drive on the left side of the road, there is no legal restriction against left-hand drive (U.S. standard) vehicles, and the majority of vehicles on Bahamian roads are American-made. There is a large market for second-hand U.S. vehicles, although these can only be sold through local dealers. Used limousines are particularly prized for use as taxis. Bahamian safety and pollution standards are less restrictive than those in the United States. Import tariffs, while high, are non-discriminatory. As an island archipelago, the market for boats, ships, and other maritime equipment is significant.

	2003	2004	2005
Total Market Size	N/A	N/A	N/A
Total Local Production	NIL	NIL	NIL
Total Exports	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A
Imports from the U.S.	\$80,164	\$84,271	\$110,067

Best Prospects/Services

[Return to top](#)

- **Best products include:**
 - Energy efficient vehicles
 - Vehicle parts and accessories
 - Boating equipment and supplies

Opportunities

[Return to top](#)

- Embassy recommends American companies interested in this sector participate in the USFCS Agent/Distributor Service program to locate prospective agents for your products.

Medicinal and Pharmaceutical Products

Overview

[Return to top](#)

There are three main hospitals in The Bahamas: the government-owned hospitals, Princess Margaret in Nassau and Rand Memorial in Freeport, and the privately owned Doctors Hospital in Nassau. The level of medical care in The Bahamas is continuously developing to keep abreast with medical technology. The medical community aims to provide a level of service to treat patients effectively and curtail the numbers of Bahamians who travel to South Florida for medical treatment.

	2003	2004	2005 (estimated)
Total Market Size	N/A	N/A	N/A
Total Local Production	NIL	NIL	NIL
Total Exports	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A
Imports from the U.S.	\$27,210	\$24,791	\$31,601

Best Prospects/Services

[Return to top](#)

- **Best products include:**
 - Medical equipment and supplies
 - Pharmaceutical and over-the-counter products

Opportunities

[Return to top](#)

- The Bahamian government has plans to develop a number of mini hospitals and clinics on family islands and to also build a new hospital in Grand Bahama.

Resources

[Return to top](#)

- Embassy recommends American companies interested in this sector participate in the USFCS Agent/Distributor Service program to locate prospective agents for your products.

(Office Machines and ADP Equipment, Telecommunications Equipment)

Overview

[Return to top](#)

The large, modern financial services sector is a particular target for export. In 1996 the Government reduced import duties on computers and computer parts and consumer electronic appliances. Goods, which can be easily serviced, either in The Bahamas or Florida, will enjoy a competitive advantage over those that cannot; service agents in The Bahamas must be Bahamian. The Bahamas is constantly upgrading its telecommunications network. The impending privatization of the phone company Bahamas Telecommunications Corporation (BTC) will create opportunities for exporters of telecommunications equipment.

	2003	2004	2005
Total Market Size	N/A	N/A	N/A
Total Local Production	NIL	NIL	NIL
Total Exports	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A
Imports from the U.S.	\$42,878	\$44,250	\$64,789

Best Prospects/Services

[Return to top](#)

- **Best products include:**
 - Computers, equipment and supplies
 - Telecommunications equipment
 - Cell phones

Opportunities

[Return to top](#)

- The Bahamas Telecommunications Corporation as well as a number of private telecommunications providers actively try to keep with the rapid pace of technology in this sector.

Resources

[Return to top](#)

- Embassy recommends American companies interested in this sector participate in the USFCS Agent/Distributor Service program to locate prospective agents for your products.

Tourism Services

Overview

[Return to top](#)

- For the third consecutive year The Bahamas welcomed five million tourists. The Bahamas is also in a construction boom where a number of resort developments are being completed and are planned. The level of resort development ranges from high end mega resorts like Atlantis to small quaint Family Island resorts for eco-tourism. The Bahamas now needs to concentrate on amenities for tourists and local attractions.

	2004	2005	2006
Total Market Size – Annual Visitor Arrival	5.0	5.0	4.0

Best Prospects/Services

[Return to top](#)

- **Best products include:**
 - Restaurants, tourist attractions and activities

Opportunities

[Return to top](#)

- Hotel management services
- Tourism consultants
- Destination Management Services
- Entertainment Industry

Resources

[Return to top](#)

- Embassy recommends American companies interested in this sector contact the Economic-Commercial Section of the Embassy.

BEST PROSPECT FOR AGRICULTURAL PRODUCTS

- **Miscellaneous Edible Preparations**

Overview[Return to top](#)

The Bahamas has a relatively sophisticated consumer goods market and most major U.S. producers are well represented here. Some local food brokers say that Bahamians prefer brand name products and it is often difficult to sell large quantities of unknown brands unless the quality is exceptional. The only barriers to entry of most food imports are duties and stamp taxes. The Bahamian Government charges import duties on most items including food products. The duties generally range from zero to 35 percent plus two to seven percent stamp tax on some items. There is no duty on market basket items – breads, rice, sugar, corned beef and baby foods. The Government occasionally bans imports of certain food products such as bananas and poultry products, to protect local production.

	2004	2005	2006 (estimated)
Total Market Size	N/A	N/A	N/A
Total Local Production	\$240,213,604	\$270,849,123	\$304,961,107
Total Exports	\$401,310,657	\$428,664,273	\$508,825,492
Total Imports	\$1,976,515,132	\$2,567,261,778	\$2,984,924,459
Imports from the U.S.	\$1,185,751,000	\$1,786,740,000	\$2,288,164,000

Best Products/Services[Return to top](#)

- **Best products include:**
 - Grocery items
 - Meat and meat preparations
 - Fruits and vegetables
 - Cereal and cereal preparations
 - Baby food products

Opportunities[Return to top](#)

- The Bahamas imports all food products for the local and tourism market. Although a number of local distributors have established relationships with major food labels, they are always looking for good lines and prices.

Resources

[Return to top](#)

- Post recommends American companies interested in this sector participate in the USFCS Agent/Distributor Service program to locate prospective agents for your products.

Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

- Tariffs and Import Taxes: The Bahamian Government raises approximately 60 percent of its total revenue from import tariffs. The basic ad valorem tariff for imported goods is 35 percent, but a long list of items have separate tariff rates. Among these are:
 - clothing: 25 percent
 - fine cut tobacco: 160 percent
 - chewing tobacco: duty free
 - cigars: 200 percent
 - cigarettes: 210 percent and 7 percent stamp tax
 - bottled water: 70 percent
 - pool tables: 100 percent
 - room air conditioners: 35 percent
 - automobiles: 45 to 75 percent, based on the book value of the car
 - automobile parts and accessories: 35 - 50 percent
 - personal computers: duty free
 - business computers: duty free
 - stereo units: 45 percent
 - satellite receivers and accessories: 35 percent
 - video tapes: 10 percent
 - cheese: 15 percent
 - pasta: 10 percent
 - water heaters: 35 percent
 - televisions: 25 percent
 - plumbing supplies: 25 percent
 - wooden doors: 25 percent
 - concrete tiles: 35 percent

- cement: duty free
- lumber: duty free, 7 percent stamp tax
- Import Licenses: Permits are required for imports of certain items. Applications for permits should be made to the ministry indicated, as follows:

Poultry, meats, vegetables, fruits, live plants and animals: Ministry of Agriculture;

Medicines: Ministry of Health;

Slot machines, trailers and caravans for living (temporary use only): Ministry of Finance;

Firearms, fireworks, underwater guns other than Hawaiian slings: Commissioner of Police; and

Precursor and essential chemicals: Customs Department.

Copies of current import regulations may be obtained from:

Government Publications Office
East Bay Street
P.O. Box N-7147
Nassau, Bahamas
Tel: 242-322-2410

Free Trade Zones: The City of Freeport on the island of Grand Bahama is a major free trade zone.

Membership in Free Trade Arrangements: The Bahamas is a beneficiary of the U.S. Caribbean Basin Initiative (CBI), Canada's CARIBCAN Program, and the European Union's LOME IV Agreement. Although The Bahamas participates in the political aspects of the Caribbean Community (Caricom), it has not entered any joint economic initiatives with other Caribbean states. The Bahamas has recently expressed interest in becoming a member in the World Trade Organization, and is an active participant in Free Trade Area of the Americas (FTAA) negotiations.

- In addition to duties, The Bahamas charges a seven percent "stamp tax" on most imports. Higher stamp taxes are charged on some duty free goods, including tourist items such as china, crystal, wristwatches, clocks, jewelry, table linens, leather goods, perfume, wine and liquor. On average, The Bahamas charges an export stamp tax of four percent on most exports from the country.

Import Requirements and Documentation

[Return to top](#)

- Import/Export Documentation Requirements: Entry forms are required by Bahamian Customs for goods coming by sea, air or post. An invoice (original or copy) is required. Goods may be cleared through Customs without a proper invoice if the importer leaves a deposit (usually double the estimated duty) and agrees to present an invoice at a later time.

U.S. Export Controls

[Return to top](#)

- Exporters should consult with the following departments to determine if an export license is required:

Department of Commerce: Items used for military/strategic purposes and commercial applications.

Department of State, Directorate of Defense Trade Controls (DDTC); Defense services and U.S. Munitions List articles.

Department of Energy: Nuclear technology and technical data for nuclear power, special nuclear materials, and natural gas.

Temporary Entry

[Return to top](#)

- Temporary Entry: Certain goods may be imported conditionally on a temporary basis against a security bond or a deposit that is refundable on the re-exportation. These include fine jewelry, goods for business meetings or conventions, traveling salesmen equipment, and equipment or tools for repair work.

Labeling and Marking Requirements

[Return to top](#)

- Generally, The Bahamas follows U.S. regulations on labeling and marketing requirements. It is required that all labeling and markings be in English.

Prohibited and Restricted Imports

[Return to top](#)

- In an effort to protect domestic agricultural producers, the Government requires that a permit be granted to import more than 50 pounds of whole chickens or chicken parts, lamb or mutton, or pork legs, shoulders, or hams into The Bahamas. Permits are also required to import plants and fruits - particularly bananas, vegetables, and cut flowers. Permit applications have occasionally been denied when the Government determined that a surplus existed locally for the same products.

Customs Regulations and Contact Information

[Return to top](#)

- **Customs Valuation:** Most imported goods are valued based on their actual cost as evidenced by an invoice. The Customs Department only honors discounts of up to three percent given by U.S. exporters. Customs officials determine the value of automobiles with reference to standard valuation guides. Freight and shipping charges are included in the value assessed.

For further information contact the Customs Department:

The Comptroller of Customs
Customs House
Thompson Blvd.
P.O. Box N 155
Nassau, Bahamas

Tel: (242) 302-3302 or 302-3415
Fax: (242) 325-7409 or 322-6223
<mailto:cofrolle@batelnet.bs>

Standards

[Return to top](#)

Overview

[Return to top](#)

- The Bahamas is in the process of drafting legislation to establish a bureau of standards.
- **NIST Notify U.S. Service**
Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member

countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Contact: Ministry of Local Government and Consumer Affairs, P. O. Box N 3040, Nassau, Bahamas; Tel. 242-328-2700, ext. 222; Fax: 242-328-1324

Trade Agreements

[Return to top](#)

- The Bahamas is a member of the Caribbean Basin Initiative (CBI), Canada's CARIBCAN Program, and the European Union's LOME IV Agreement.

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Openness to Foreign Investment

[Return to top](#)

- The Bahamian Government generally encourages and offers incentives for foreign investment in all sectors of the economy except those the Government reserves exclusively to Bahamian citizens. Reserved businesses include: wholesale and retail operations; commission agencies engaged in the import/export trade; real estate and domestic property management agencies; domestic newspaper and magazine publication;

- domestic advertising and public relations firms; nightclubs and restaurants (except specialty, gourmet and ethnic restaurants and restaurants operating in a hotel, resort complex or tourist attraction); security services; domestic distribution and building supplies; construction companies (except for special structures for which international expertise is required); personal cosmetics/beauty establishments; shallow water scalefish; crustacean, mollusk and sponge fishing operations; auto and appliance service operations; and public transportation.
- Officially, the Government has targeted the following categories of businesses for foreign investors: tourist resorts; upscale condominiums; time share and second home development; international business centers; marinas; information and data processing services; assembly industries; high-tech service; ship registration, repair and other services; light manufacturing for export; agro-industries; food processing; mariculture; banking and other financial services; captive insurance companies; aircraft services; pharmaceutical manufacture; and offshore medical centers.
 - Benefits of investing in The Bahamas include: a stable, democratic government; relief from corporate and personal income taxes; timely repatriation of profits of approved investments; proximity to the United States; extensive air links through nearby Miami, Ft. Lauderdale and Orlando; well-developed telecommunications links; a good pool of skilled professionals; excellent tourism and conference facilities; and tariff concessions under the Caribbean Basin Economic Recovery Act, Canada's CARIBCAN Program, and the European Union's LOME IV Agreement. The Bahamian dollar is fixed on par with the United States dollar and the Government is firmly committed to maintaining this exchange rate.
 - In practice, the vast majority of successful foreign investments in The Bahamas have been in the traditional areas of tourism and banking. The decision-making process within the Government of The Bahamas is highly centralized and major investments are subject to review and approval at the cabinet level. The Government is most interested in investments that will generate local employment, particularly in white-collar or skilled jobs. Large-scale projects in areas such as agriculture may be difficult to staff since low-wage and low-skill jobs do not appeal to most Bahamians, and because the Government is reluctant to permit importation of foreign laborers to staff these jobs, even on a temporary-permit basis. When new foreign ventures are perceived as competitors to existing Bahamian businesses or too dependent on foreign labor, the Government has responded to local concerns and withdrawn or refused the license of the foreign business.
 - In 1993, the Government established The Bahamas Investment Authority (BIA). It is located in the Ministry of Financial Services and Investments. BIA is intended to provide a "one-stop-shop" to assist foreign investors with

initial governmental approval of their investment applications and to cut through further red tape for approved investments. BIA is the Government's central point of contact for foreign investment questions. Potential investors may contact the BIA at:

Bahamas Investment Authority
P.O. Box N-7770
Nassau, Bahamas
Tel: 1-242-356-5956, Fax: 1-242-327-5907
www.opm.gob.bs

While The Bahamas has not yet enacted environmental legislation as extensively as that in the United States, the BIA still requires a full accounting of the environmental impact of any industrial or agricultural schemes.

Conversion and Transfer Policies

[Return to top](#)

- Persons and corporations resident in The Bahamas are subject to exchange controls administered by the Central Bank. Certain commercial banks are authorized to deal in foreign currency and have authority delegated by the Central Bank to approve exchanges for certain current account transactions. Non-resident investors wishing to initiate operations in The Bahamas must register their operations with the Central Bank. If their projects are financed substantially by foreign currency transferred into The Bahamas, they will be given "approved status," meaning that profits and capital gains can be converted into foreign currency and repatriated with minimal formalities. Capital investment into The Bahamas remains subject to exchange controls, but as a practical matter these controls have not been known to inhibit repatriation of approved investment capital. Many Bahamians argue that exchange controls should be eliminated, but the Central Bank and the Government are not prepared to do so at this time, citing the need to retain sufficient foreign reserves to mount a strong defense of the currency's one-to-one parity with the U.S. dollar.

Expropriation and Compensation

[Return to top](#)

- Article 27 of the Bahamian Constitution prohibits deprivation of property except upon the making of prompt and adequate compensation in the circumstances. There is no evidence that the Government has ever expropriated a business, and both major political parties have stated that nationalization will not be an instrument of Government policy.

- There is no history of major investment disputes in The Bahamas, although smaller contractual and other disputes between Bahamians and foreign investors or exporters are not uncommon. The Bahamian legal system is based on English common law. The judiciary, appointed by the Governor General, is independent and there is no evidence of Governmental interference with the system. The highest court of appeal is the Privy Council in London.
- Tentative consideration is being given to the creation of a Caribbean Final Court of Appeals to replace the Privy Council. Despite recent efforts to reduce backlogs of criminal and civil cases, resolution of court cases can be slow, sometimes taking years. The Embassy has received some reports of encounters with biased judges and malfeasance by attorneys. The Embassy has also received reports of local defendants evading payment of Bahamian civil judgments or deliberately dragging out court disputes, especially in cases involving non-resident plaintiffs.
- Judgments of British courts, and of selected commonwealth countries, can be registered and enforced. Other countries' judgments, including those of the United States, must be sued upon in court as debt, subject to all jurisdictional requirements. Judgments of Bahamian courts are payable in Bahamian dollars unless otherwise specified by agreement of the parties.
- Personal bankruptcy laws are antiquated and rarely used. Companies can be and are frequently liquidated according to law. Creditors of bankrupt debtors and liquidated companies participate in the distribution of the bankrupt debtor's or liquidated company's estate according to statute. The law relating to sales of goods and some other commercial subjects are codified in The Bahamas' statutes.
- The Bahamas has been a member of the International Center for the Settlement of Investment Disputes (ICSID) since 1995. It is also a member of the Multilateral Investment Guarantee Agency, which insures investors against currency transfer restrictions, expropriation, war and civil disturbances, and breach of contract by member countries.

- There are no taxes on income, sales, estates or inheritances. The only direct tax is a real property tax. Casinos are specially taxed, and there is a \$15 departure tax levied at the airports and harbors. The principal incentives for foreign investments are concessions on import duties and

property tax abatement. Tariffs in general are high but do not generally discriminate by country of origin. Incentives are offered under the following legislation:

--Industries Encouragement Act: Under this law, the Government may exempt from duties the machinery, tools, equipment, and raw materials imported to construct new factories. A list of duty-exempt items is negotiated separately with each new venture.

-- Hotels Encouragement Act: Under this law, new hotels and resorts can be exempted from real property taxes for ten years from the date the new facility opens, and for significant tax reduction for up to ten additional years. An amendment to the Act currently before Parliament would allow the Government to grant tax relief for an additional ten years, raising the maximum length of tax abatement to thirty years. In addition, the Act allows the duty-free importation of materials used for the construction of new facilities or the substantial renovation of existing facilities acquired by new owners for a set period of time. The list of duty-free items for each project and the duration of some duty-free windows are negotiated separately for each venture.

-- Agricultural Manufacturers Act: This law allows any materials necessary for the construction, alteration, or repair of an agricultural factory, as well as any machinery or supplies used in establishing such a factory, to be imported duty free. An agricultural factory refers to any factory established for the purpose of manufacturing or preparing agricultural or horticultural produce of The Bahamas for sale or export.

-- Spirits and Beer Manufacturers Act: This law provides for the duty-free importation of materials used in the construction, alteration or repair of approved liquor distilleries or beer breweries and the duty-free importation of raw materials and equipment for liquor or beer production.

-- Recent amendments to the Tariff Act provide duty exemptions for construction and development on certain outer "Family Islands."

Prospective investors should discuss the terms and conditions under which these benefits will be made available in any specific case with The Bahamas Investment Authority. Although work permits for key foreign employees are readily granted in connection with the investment approval process, Government policy favors employment of Bahamians. Fees for work permits can run up to several thousand dollars each, and permits for less senior employees can be difficult to obtain.

Right to Private Ownership and Establishment

- Subject to the reservation of certain areas of economic activity to Bahamian citizens only, and the necessary approvals and licenses, private entities may engage in nearly all forms of remunerative activity. They may freely establish, acquire, and dispose of interests in business enterprises. One significant exception is the Government's monopoly on all forms of telecommunications (except Internet services, wireless services, paging, and radio) exercised by The Bahamas Telecommunications Company (BTC). Government corporations such as the Hotel Corporation of The Bahamas and ZNS Radio compete on a basis of rough equality with private corporations in similar businesses. After five years and \$200 million in consultant's fees and upgrades, on December 12, 2003, the Government aborted the process to privatize 49% of the Bahamas Telecommunications Corporation (BTC). The Christie administration defends its position to indefinitely delay selling BTC by stating that privatizing the telecommunications company was a failed policy objective of the now ousted Free National Movement (FNM) administration. It also stated that it was dissatisfied with the two strategic partners it had chosen. Prime Minister Christie claims that his government has not abandoned the BTC privatization process, although it is difficult to imagine that it will be able to recruit a blue ribbon list of international bidders equivalent to the aborted effort. Another issue is the current weakness of the world telecommunications market, which may prevent The Bahamas from getting as much for BTC as they believe it is worth.

Protection of Property Rights

[Return to top](#)

- Subject to long legal delays, secured interest in property, both chattel and real, is recognized and enforced. Mortgages in real property and security interests in personal property can be recorded with the Registrar General.
- The Bahamas is a member of the World Intellectual Property Organization (WIPO), but not of the World Trade Organization (WTO). There is little industrial production that might generate possible infringements of patent rights. However, existing copyright laws are widely ignored, resulting in widespread piracy of video and music recordings and broadcasts, most of which remain in The Bahamas. Parliament passed a new copyright law on July 4, 2000, which is intended to provide better protection to international holders of copyrights but has yet to be strictly enforced.

Transparency of Regulatory System

[Return to top](#)

- Official Government policy commits The Bahamas to building an economic environment where the Government assumes its proper role as regulator and facilitator of economic development, and where ideals of transparency, fair play and equality of treatment are protected. Still, the discretionary issuance of business licenses can result in a lack of transparency in decisions to authorize or to renew the authority of a business. Large foreign investors may be held to higher labor, health and safety standards than are local entrepreneurs. Obtaining required permits, especially immigration permits, can take an inordinate length of time. The Bahamas Investment Authority exists to assist foreign investors in dealing with the permitting process.

Efficient Capital Markets and Portfolio Investment

[Return to top](#)

- In 2000 the Bahamas International Securities Exchange, (BISX) began operations, and presently involves the listing and trading of domestic equities and also provides a mutual fund listing facility. BISX has experienced several problems during its short corporate life, with a shortage of funds and low trading volumes since its inception. The Exchange presently consists of 19 listed public companies and the volume of securities traded on BISX in 2006 came to 5.25 million shares, with a value of \$28.18 million. The BISX All Share Price Index appreciated during 2006 by 24.09 percent to 1,676.19 points from 1350.79 in 2005. Similarly, valuations represented in the broader Fidelity Capital Market Index (FINDEX), which captures both BISX securities and over-the-counter companies, increased by 33.27 percent to 735.47. Total market capitalization on BISX rose by 23.3 percent to \$3.2 billion.
- The Exchange has experienced a turnaround in 2006 as a number of important initiatives are being carried out to accelerate the development of the local capital markets. One of these is the inclusion of Government debt securities among those instruments issued and openly traded on BISX, these securities should be available for active trading by the first quarter of 2007. This development has come about as the result of a number of Governmental initiatives designed to stimulate capital markets in The Bahamas and support BISX. As an initial step the Government of The Bahamas published a 'Capital Market Development Policy Statement' in August 2005 which commits itself to support the growth of capital markets in The Bahamas. This commitment was later illustrated by the Government's acquisition of a 43 percent interest in BISX in February 2006, making them the Exchange's single largest shareholder out of 46 shareholders.
- Finally, thought is being given to the further gradual liberalization of Exchange Controls, including those on certain portfolio investments. On January 16, 2006 the Minister of Finance, James Smith, announced "the relaxation of certain capital account restrictions," that now makes it easier for Bahamians to invest money abroad.

- Local bank credit, including loans from The Bahamas Development Bank, are available to resident enterprises for capital investment in The Bahamas in proportion to their local ownership.
- The prime rate at the end of the second quarter 2006 remained at 5.50%. The majority of outstanding commercial bank credit is personal loans (mortgages) for consumer purchases. According to data from the Central Bank, the number of U.S. banks and trust companies increased from 15 in September 2005 to 21 as at September 2006. At the end of June 2006, the total external assets and total external liabilities of these banks amounted to approximately \$264.694 billion and \$263.032 billion respectively. The gross economic contribution of the banking sector for 2005 to the Bahamian economy was \$463.1 million. Since the passage of the new financial legislation, the total number of banks and trust companies declined from 415 in 1999 to 256 as of June 2006 -- most of these banks were "brass plate" banks (organizations that were registered in The Bahamas but did not have a physical presence in this jurisdiction). In addition, the number of International Business Companies (IBCs) has rebounded after falling-off to around 80,000 in 2003, after implementation of new bank regulations in 2000, to 146,600 at the end of 2006. Assuming continued growth and steady or declining unemployment, there is at this time no reason to doubt the soundness of the banking system in general.
- Projects in The Bahamas are also eligible, in some instances, for financing from the U.S. Export-Import Bank, the Overseas Private Investment Corporation (OPIC), or from multilateral institutions such as the Inter-American Development Bank (IDB). Major Bahamian banking institutions, which can provide financing for certain projects in The Bahamas include:

Bahamas Development Bank
P.O. Box N-3034
Nassau, Bahamas
Tel: (242) 352-5780

Bank of The Bahamas, Ltd.
P.O. Box N-7118
Nassau Bahamas
Tel: (242) 326-2560

First Caribbean International Bank (merger between Barclays Bank and the Canadian Imperial Bank of Commerce (CIBC))
Charlotte House
P.O. Box N-3221
Nassau, Bahamas
Tel: (242) 325-7384

British-American Bank
P.O. Box N-7502
Nassau, Bahamas
Tel: (242) 327-5170

Commonwealth Bank
P.O. Box SS-6263
Nassau, Bahamas
Tel.: (242) 328-1854

Royal Bank of Canada
P.O. Box N-7537
Nassau, Bahamas
Tel: (242) 322-8700

Bank of Nova Scotia
P.O. Box N-7518
Nassau, Bahamas
Tel: (242) 356-1400

Finance Corp. Of The Bahamas
P.O. Box N-3038
Nassau, Bahamas
Tel: (242) 322-4822

Political Violence

[Return to top](#)

- The Bahamas has no history of political violence, although labor unrest in 1998 - in particular due to the proposed privatization of the phone company - led to one semi-violent confrontation between workers and police. The Government publicly and strongly supports a modern open approach to foreign investment, although many Bahamians, including some prominent politicians, remain suspicious of expatriate investors and employees. Foreign investors are sometimes the targets of criticism in the news media and Parliament.

Corruption

[Return to top](#)

- Giving a bribe to -- or accepting bribes from -- a Government official is a criminal act in The Bahamas. The new PLP Government, cognizant of scandals in the 1980s that helped bring down the previous PLP government, has emphasized anti-corruption measures and has recently introduced code of conduct guidelines for members of parliament. Since 1992, credible reports of heavy corruption have become rare, although allegations of improper conduct on the part of Government officials surface regularly, and were a prominent feature of the 2002 election. Some of these allegations are under investigation, but it is uncertain if any charges will eventually emerge.

Bilateral Investment Agreements

[Return to top](#)

- There is no Bilateral Investment Treaty between The Bahamas and the United States. The Bahamas was designated a beneficiary of the Caribbean Basin Initiative (CBI) in 1985. As a result, with certain restrictions, products manufactured in The Bahamas qualify for duty-free entry into the United States. High wage rates, combined with the small size of the country's manufacturing and agricultural sectors, have hindered The Bahamas' ability to exploit these benefits. On January 25, 2002 the former FNM Government signed a Tax Information Exchange Agreement (TIEA). A key side benefit of this agreement for The Bahamas is that, effective 2005, it permits U.S. tax deductions for expenses of business conventions held in The Bahamas.

OPIC and Other Investment Insurance Programs

[Return to top](#)

- Since 1992, the U.S. Overseas Private Investment Corporation (OPIC) has approved two investment projects in The Bahamas. It guaranteed up to \$10.8 million in loans to Uniroyal Chemical Company, Ltd. to assist in the purchase and refurbishment of a plant in Freeport. The Uniroyal plant has since closed. In addition, OPIC committed itself to a loan of up to \$1.6 million to Landquest, Ltd., for the development of a cruise ship facility on the island of Eleuthera.
- The Bahamas is also associated with the Multilateral Investment Guarantee Agency of the World Bank, which, like OPIC, insures investors against currency transfer restrictions, expropriation, war, civil disturbances and breach of contract by member countries.

Labor

[Return to top](#)

- In 2006 the labor force consisted of 181,890 workers. The Government and the tourism industry are the country's largest employers. According to the Department of Statistics, the unemployment rate at the end of 2006 declined to 7.6 percent from 10.2 percent in 2005. This figure was challenged by the opposition Free National Movement that has accused the government of altering figures for discouraged workers (unemployed persons who are no longer actively looking for jobs). There is considerable under-employment and unemployment, which the present system of statistics does not show. Well-qualified accountants and secretaries, and others with skills appropriate to the financial services industry, command a premium wage. Unemployment is slightly higher for women and highest among youth. Unemployment outside Nassau and Freeport tends to be higher than in the two major population centers. The government approval of several tourism anchor projects on major family islands is developed to attract workers back to the family islands. Wage rates, while lower than in the United States, tend to be higher than elsewhere in the Caribbean.

- There is notable concern about the level of employee and white-collar crime in The Bahamas.
- In the 2000/2001 Government Budget, the Government increased its minimum wage from \$4.12 per hour to \$4.45 per hour for public sector employees. Minimum wage for private sector workers is \$4 per hour. The Fair Labor Standards Act requires at least one 24-hour rest period per week, paid annual vacations, and employer contributions to National Insurance (social security). The Act also requires overtime pay (time and a half) for hours in excess of 48 or on public holidays. A 1988 law provides for maternity leave and the right to re-employment after childbirth. A new Minimum Labor Standards Act including the Employment Act, Health and Safety at Work Act, Industrial Tribunal and Trade Disputes Act, and the Trade Union and Labor Relations Act were passed in 2001 and early 2002. Local business leaders complain that some of the laws are too restrictive and the PLP Government has indicated that it plans to review the legislation.
- The Bahamian Constitution specifically grants labor unions the rights of free assembly and association. These rights are exercised extensively, particularly in the hotel industry - where 80 percent of the employees are unionized - and in the state-owned industries. Unions operate without restrictions or Government controls. The right to strike is governed under the Industrial Relations Act, which requires a simple majority of union members to vote in favor of a strike before it can commence. The Ministry of Labor oversees strike votes. Although prolonged strikes are still rare, work slow-downs and rowdy protests occur occasionally. Labor unions and others involved in disputes with foreign-owned enterprises have not been above using the fact of foreign ownership as a lever to gain popular support for their demands.
- The Immigration Act requires foreigners to obtain work permits before they can be employed in The Bahamas. The Government will permit foreign employees to work in a technical, supervisory or managerial capacity to initiate and operate industries, provided no similarly qualified Bahamians are available for the job. Foreign business owners are expected to train as many of their Bahamian employees as possible to eventually fill technical and managerial positions. Work permit fees have been increased from a range of \$250 to \$7,500 per year to \$350 to \$10,000 per year.

Foreign-Trade Zones/Free Ports

- The 1955 Hawksbill Creek Agreement established Freeport, Grand Bahama, the country's second-largest town, as a free trade zone. Firms in Freeport are granted the right to import equipment and materials duty-free, and enjoy other tax advantages. In 1993, the Government extended the Hawksbill Creek property tax exemptions through 2015 and duty exemptions to 2054, but withdrew real property tax exemptions for foreign individuals and corporations. The current administration plans to extend these exemptions to the entire island of Grand Bahama. Recently, the Hong Kong-based

conglomerate Hutchison Whampoa has invested millions of dollars in a new deep-water container port, airport, cruise ship dock, industrial park, and hotel properties in Freeport, promising a revitalization of Freeport as The Bahamas' leading industrial city.

Foreign Direct Investment Statistics

[Return to top](#)

- There is also a direct link between the level of imports flowing into The Bahamas and foreign direct investments. At the end of September 2006, net private direct investment was \$139.8 million, and net private direct equity investments was \$98.0 million. Net Foreign Loan Financing on foreign investments was \$132.3 million. Net foreign real estate purchases for this period totaled \$41.8 million. While Government statistics do not list overall foreign investment by nationality, the Embassy believes that the largest investors are American, Canadian, Hong-Kong Chinese, and South African in origin.
- Major foreign investments in The Bahamas include:

ACCOUNTING

Grant Thornton Chartered Accountants

Horwath International

KPMG

Ernst & Young

PriceWaterHouseCoopers

TOURISM DEVELOPMENTS

Atlantis, a hotel, resort, and casino complex on Paradise Island near Nassau owned by Sol Kerzner of the South African firm Sun Hotels International

Baha Mar owned by Armenian, Sarkis Izmirlian recently purchased the Radisson Resort (formerly government owned), Wyndham Nassau Resort & Crystal Palace Casino formerly the Nassau Marriott Crystal Palace Resort, casino, and convention center, and the Nassau Beach Hotel

Superclub Breezes Resort, owned by a Jamaican company

Sandals Royal Bahamian Resort, owned by a Jamaican company

The British Colonial (Hilton) Hotel and the Clarion Resort owned by RHK Capital, Inc. of Canada

Comfort Suites on Paradise Island owned by a U.S. company

Island Outpost Resort at Compass Point, Nassau, Pink Sands Resort, Harbour Island, and Kamalamae Resort, Andros owned by a Jamaican company

Freeport/Lucaya marina village developed recently by European investors

Gorda Cay, renamed Castaway Cay, purchased and developed by Disney Corp. for its cruise ship operations

Half Moon Cay, owned by U.S. company Holland America Cruise Lines

Princess Cay, a cruise ship landing facility near Eleuthera Island, owned by Landquest, a U.S. company

Four Seasons Resort Development on Exuma, owned by a U.S. Company

Our Lucaya Resort, a subsidiary of Hutchison Whampoa Group and Centex Rooney

RIU Resort, Paradise Island, owned by a Spanish Company

Winding Bay Resort, Abaco, owned by a British company

Baker's Bay located on Guana Cay, Abaco is owned by the U.S. Discovery Land Company of San Francisco

Bimini Bay Resort, owned by Floridian developer Geraldo Capo

The Ginn development project located on the Western end of Grand Bahama is owned by the Ginn Development Company of Orlando, Florida

The Bahamas Film Studio/Gold Rock Creek Enterprises Ltd., located at East Grand Bahama is owned by Canadian Paul Quigley

Ritz Carlton Rose Island Resort

Albany Golf and Beach Resort owned by an investment group comprising Lyford Cay (Bahamas) billionaire Joe Lewis, and world-leading golfers Tiger Woods and Ernie Els

The I Group Mayaguana development owned by a group of developers from Boston

CONSTRUCTION

Baker Construction

BANKING & FINANCE

Citibank, N.A.

JP Morgan Trust Co. (Bahamas) Ltd.

BankBoston Trust Company Ltd.

Templeton Foundation

OTHER

Morton Salt (Bahamas) Ltd.

Mirant (Grand Bahama Power Company)

AES American Oil Company, which owns Ocean Cay a mining facility to produce liquefied natural gas (upon Bahamian government approval)

Freeport Ship Care Facility, owned by the Lloyd Werft Ship Repair Company of Germany

Bacardi Company Ltd., a Bermuda-based company

The Container Port facility, airport and three beachfront hotels in Freeport were acquired in 1997 by Hong Kong-based Hutchison Whampoa

The Caribbean Marine Research Center, operated by The Perry Institute for Marine Science, an American firm

Cable Bahamas, Ltd., established by a Canadian group

Commonwealth Brewery Ltd (Heineken), a Dutch-Bahamian company

Polymers International, Ltd., a subsidiary of Dart Container, which produces styrofoam pellets at a plant in Freeport, owned by a former U.S. citizen (formally renounced his citizenship, probably stateless now)

HOUSING DEVELOPMENTS

Sandyport Development Co. Ltd., a housing subdivision owned by a British company

Roberts Isle, a housing subdivision owned by a U.S. company

Treasure Cove, a housing subdivision, owned by a U.S. company.

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)

- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

- Generally local Bahamian companies provide cash in advance for goods and services – check or wire transfer. This is the case with small companies and companies that are first time purchases for U.S. companies.
- Large companies provide a letter of credit with a bank for a specified amount of funds. Local banks sometimes use their U.S. office to provide the letter of credit.
- Some local companies also use U.S. factor companies.
- Some larger companies are listed with Dunn and Bradstreet.

How Does the Banking System Operate

[Return to top](#)

- Local companies are required to obtain Central Bank foreign exchange approval for payment of foreign invoices.
- See The Central Bank of The Bahamas website – www.centralbankbahamas.com.

Foreign-Exchange Controls

[Return to top](#)

- The Exchange Control Regulations Act, 1952 Ch 330 and the Regulations made there under in 1956, provide that finance regulations may be made for the purpose of controlling buying selling and dealing in gold, foreign currency, foreign exchange and securities.
- The regulations are administered by the exchange control department of the Central Bank. The objectives are to control and maintain the country's reserves of foreign currency and assist in supporting the value of the Bahamian dollar, which for many years has been kept at par with the U.S. dollar.
- Non-Bahamians who are gainfully employed in The Bahamas for a year or more are regarded as "temporary residents". Such individuals are eligible for certain exceptions that permit them to retain foreign currency accounts, as well as existing non-Bahamian assets, and to remit and repatriate assets on leaving The Bahamas.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

See The Central Bank of The Bahamas website – www.centralbankbahamas.com

Project Financing

[Return to top](#)

- The Bahamian government expects potential investors to have project financing in place for proposed projects in The Bahamas. The Export-Import Bank (Eximbank) supports U.S. exports through export credit insurance, guarantees, and loans.
- The Overseas Private Investment Corporation (OPIC), a self-sustaining U.S. Government agency, promotes private sector economic growth in developing countries by encouraging U.S. investment. OPIC assists investors through four principal programs:

Insurance of investments against certain political risks (for currency inconvertibility, expropriation, and war, revolution, insurrection, and civil strife);

Financing investments through direct loans or loan guarantees;

A program of investment missions; and

An investor information service.

- OPIC insurance and finance programs are available for new ventures that are commercially and financially sound, or for the expansion of existing viable businesses. In all instances, the projects that OPIC supports must assist in the social and economic development of the host country as well as be consistent with the economic interest of the United States.
- OPIC financing is available only for ventures involving 25 percent equity and management participation by U.S. businesses. Insurance is limited to the U.S. equity participation in the venture. Projects must be within the demonstrated competence of the proposed management.

Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccg/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Bahamas Development Bank: <http://www.bahamasdevelopmentbank.com/>

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

- **Business Customs:** The national language is English. Due to the proximity of The Bahamas to the U.S. and the extensive familiarity of most Bahamians with Americans and American culture, business customs tend to be similar to those in the United States. Business dress is formal. Business suit and tie are recommended for men and conservative business dress for women. Bahamians shake hands upon meeting, sometimes exchange business cards, and address first-time business acquaintances by their last names. Conversations generally move to a first name basis a bit more slowly than in the United States. Firm appointments for business meetings are advisable. Although Bahamians are not punctual for meetings, foreign visitors are expected to be timely.
- In addition, The Bahamas is very much a consensus-driven society, in which people often disguise personal feelings beneath a surface cordiality. Business meetings in The Bahamas tend to be very pleasant and Bahamians often end a meeting with an air of agreement even if real differences remain. Also, Bahamians at the middle levels of business or Government will need to gain final approval from more senior officials.
- Bahamian businesses tend to operate on a tighter financial margin than their American counterparts, often juggling financing from one commitment to another. Therefore, for initial or large sales, a businessman should require a deposit against future payment for goods or services delivered, and expect delays to occur with subsequent payments.
- Business lunches are preferable to dinners in The Bahamas. Bahamians tend not to drink very much at business lunches and usually expect the lunch to last between an hour and an hour-and-a-half. Bahamian do not

often invite acquaintances to their homes. When they do so, dinners at the homes of well-to-do Bahamians tend to be elaborate and formal affairs, at which business attire for men and conservative evening wear for women is appropriate.

- Since much of Bahamian social life revolves around church, an invitation to a church service is a sign of personal respect and affection. Many churches in The Bahamas have proud traditions of gospel choir singing, and church services can be quite lively. Dress at church services is usually formal with conservative business suits for men and colorful, sometimes elaborate dresses for women.

Travel Advisory

[Return to top](#)

For the latest travel advisory, go to:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_989.html

Visa Requirements

[Return to top](#)

- U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.
- State Department Visa Website: <http://travel.state.gov/visa/index.html>
- United States Visas.gov: <http://nassau.usembassy.gov>

Telecommunications

[Return to top](#)

- Telecommunications services and facilities in the Bahamas are comparable to the U.S. and Canada although not as efficient. A 100% digital switching system allows direct distance dialing to more than 100 countries.
- An undersea fibre optic cable system links Grand Bahama, New Providence, Abaco and Eleuthera with the continental U.S. It is owned and operated by Caribbean Crossings Ltd., a subsidiary of Cable Bahamas Ltd.
- The Bahamas Telecommunications Company Ltd. (BTC), is quasi-public corporation owned by the government but operating without subsidy from it. BTC offers a wide range of service, including telephone, fax, telex, cellular and radio phone networks, private line services, packet switching satellite service and GSM services.
- The telecommunications industry is regulated by the Public Utilities Commission (PUC), which was established in March 2000. The PUC is responsible for

regulating Internet Service Providers, Very Small Aperture Terminals (VSAT), mobile radios, paging systems, SMR Trunking Radio and wireless telephones.

Transportation

[Return to top](#)

- Air service is available to The Bahamas into the Sir Lynden Pindling International Airport in Nassau via the following major U.S. cities: Atlanta, Charlotte, Cincinnati, Ft. Lauderdale, Houston, Miami, New York, Orlando, Philadelphia, Tampa and West Palm Beach. There is also air service between Nassau and the following international destinations: Cuba, Grand Cayman, Kingston, London, Milan, Montego Bay, Turks and Caicos Islands and Toronto.
- Service is available from Nassau to all of the other islands via BahamasAir and several charter airlines.
- Taxi rates are government controlled. All taxis are required to have meters in good working condition. The first quarter-mile is \$3 for one or two passengers; each additional quarter-mile is 40 cents. Additional passengers after the first two pay \$3 per person. Accompanied children under five ride free.
- Car rental prices are competitive with Hertz, Avis, Budget, Dollar and local companies represented. Pick up from a hotel anywhere in New Providence including Paradise Island is free of charge. Prices range from \$45 per day (\$270 per week) for a compact car to \$125 per day (\$750 per week) for a minivan and include unlimited mileage. Insurance and gas are extra.
- The jitney (bus) provides inexpensive touring and a close view of local life. Fare is \$1 in town, more for outlying areas. Transfers and change are not provided. Service is from 6:30 am-7pm. Bus stops are marked. However, time schedules may be unpredictable.

Language

[Return to top](#)

- The national language of The Bahamas is English, sometimes spoken with a distinctive local accent and the use of colorful local expressions.

Health

[Return to top](#)

- There are two government-operated hospitals in New Providence and one in Grand Bahama. Government clinics are available throughout New Providence, Grand Bahama and the Out Islands. Bahamians who can demonstrate legitimate need pay nominal fees at government clinics and hospitals.
- Health insurance is available through local and international insurance companies. Group plans are available where employers arrange a health

insurance plan on behalf of their employees. Almost all insurance carriers cover Bahamians seeking medical care in the US.

Local Time, Business Hours, and Holidays

[Return to top](#)

- The Bahamas operates on Eastern Standard Time. This puts the archipelago in the same time zone as the major commercial centers of the eastern U.S. and Canada, such as Miami, Washington, DC, New York, Toronto, and Montreal.
- The Bahama islands are on daylight saving time from March 11 to November 4.
- Normal business hours for the public sector and majority of private businesses is Monday through Friday, 9 a.m. to 5 pm., with one hour for lunch, 1 to 2 p.m.
- The following public holidays are observed in The Bahamas:
 - New Year's Day
 - Good Friday
 - Easter Monday
 - Whit Monday (seven weeks after Easter)
 - Labor Day (first Friday in June)
 - Independence Day (July 10)
 - Emancipation Day (first Monday in August)
 - Discovery day/Heroes' Day (October 12)
 - Christmas Day (December 25)
 - Boxing Day (December 26)

Holidays which fall on Saturday or Sunday are usually observed on the previous Friday or following Monday as dictated by the Public Holidays Act. Stores in New Providence and most Out Islands are closed on holidays.

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

- Personal effects, a limited amount of alcoholic beverages, and other articles up to a value of \$100 can be brought into the Bahamas duty-free by bona fide visitors. Exhibit materials, salesmen's samples, photographic and cinematographic equipment belonging to members of the press and special tools for repair work may be imported on a temporary basis, but a bond or deposit may be required. Questions should be referred to the Comptroller of Customs, P. O. Box N-155, Nassau, The Bahamas, tel. (242) 326-4401.

[Return to table of contents](#)

Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

- Business travelers to The Bahamas seeking appointments with U.S. Embassy Nassau officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at (242) 322-1181, exts. 4225 and 4226, fax: 242-328-3495, email: EconComNassau@state.gov.

Market Research

[Return to top](#)

- To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.
- Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

[Return to top](#)

- October 26 – 28, 2007 The Bahamas Home Builders Show
For complete details on the show and online registration, please visit the website: www.bahcon.com
- Please click on the link below for information on upcoming trade events.
<http://www.export.gov/tradeevents.html>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.